

Message Text

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PAGE 01 STATE 072965

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TO AMEMBASSY JAKARTA

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FOLL REPEAT LA PAZ 2205 ACTION SECSTATE INFO BANGKOK CANBERRA
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QUOTE

LIMITED OFFICIAL USE LA PAZ 2205

E.O. 11652: N/A

TAGS: EMIN, ETRD, PFOR, BL

SUBJ: TIN: DISPOSAL LEGISLATION

REF: (A) STATE 68766, (B) STATE 62092 NOTAL

1. SUMMARY. OUR ACTIONS IN PROCEEDING WITH FURTHER
STOCKPILE DISPOSAL AUTHORIZATIONS AS DESCRIBED REF A
APPEAR TO CONTRAST IF NOT CONFLICT WITH SECRETARY
KISSINGER'S SPEECH AT HOUSTON AND OUR EFFORTS TO
EXPLAIN OUR POSITION ON COMMODITY ARRANGEMENTS AS
EXPRESSED IN REF B. IT APPEARS TO US THAT CONSISTENCY
WITH THE SECRETARY'S POSITION WOULD REQUIRE, AS A
MINIMUM, ADVANCE CONSULTATIONS ON THE AUTHORIZATIONS
BEING SOUTHT AS WELL AS ON PROPOSED DISPOSAL PLANS
UNDER SUCH AUTHORIZATIONS. END SUMMARY.

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PAGE 02 STATE 072965

2. IN HOUSTON SECRETARY KISSINGER SAID: "THE COUNTRIES

OF LATIN AMERICA, REGARDLESS OF THEIR STAGE OF DEVELOPMENT, ARE VULNERABLE TO VIOLENT SWINGS IN THE PRICES OF THEIR EXPORTS OF RAW MATERIALS. THERE IS NO MORE CRITICAL ISSUE OF ECONOMIC RELATIONS IN THE HEMISPHERE TODAY THAN COMMODITIES POLICY. THIS ISSUE HAS BEEN EXTREMELY DIVISIVE IN THE HEMISPHERE - PARTLY BECAUSE OUR ATTITUDE HAS BEEN AMBIGUOUS. SO LET THERE BE NO DOUBT ABOUT OUR VIEWS ANY LONGER. WE STRONGLY FAVOR A WORLD TRADING SYSTEM WHICH MEETS THE ECONOMIC NEEDS OF BOTH CONSUMERS AND PRODUCERS. UNILATERAL PRODUCER OR UNILATERAL CONSUMER ACTIONS MUST NOT DETERMINE THE EQUILIBRIUM. A DIALOGUE BETWEEN THEM ON COMMODITY ISSUED IS THEREFORE ESSENTIAL. A RANGE OF RICH POSSIBILITIES EXISTS THAT CAN MAKE OUR NEW INTERDEPENDENCE A VEHICLE FOR MORE RAPID AND MORE EQUITABLE GLOBAL DEVELOPMENT. THE TIME HAS COME FOR THE COUNTRIES OF THE WESTERN HEMISPHERE TO CONSIDER TOGETHER HOW COMMODITY ISSUED SHOULD BE RESOLVED. THE UNITED STATES PLEDGES A SERIOUS EFFORT TO FIND A CONSTRUCTIVE SOLUTION WHICH DOES JUSTICE TO THE CONCERNS OF ALL PARTIES."

3. REF B EMPHASIZES MULTILATERAL STATEMENTS (AS IN OAS CHARTER AND TOLYO DECLARATION) ON JOINT CONSUMER AND PRODUCER INTERESTS AND THE SECRETARY'S REMARKS ON THAT SUBJECT CITED IN PARA 2.

4. IT IS LIKELY THAT THE GOVERNMENTS OF TINPRODUCING COUNTRIES WILL REGARD CONGRESSIONAL ACTION, WHICH THUS FAR IS BEING SUPPORTED BY THE ADMINISTRATION, TO AUTHORIZE DISPOSAL OF 100,000 TONS OF TIN AS A UNILATERAL CONSUMER ACTION, BECAUSE THE MERE FACT OF SUCH CONGRESSIONAL ACTION CAN AFFECT THE TIN MARKET. THE TRADITIONAL CONSULTATION ON ACTUAL DISPOSAL PROGRAMS REFERRED TO IN PARA 4 OF REF B IS UNLIKELY TO BE VIEWED AS SUFFICIENT OR IN CONFORMANCE WITH HE SECRETARY'S REMARKS. EVEN BEFORE THOSE REMARKS WERE MADE, TIN PRODUCING COUNTRIES APPEARED TO BE DISSATISFIED WITH BILATERAL CONSULTATIONS ON GSA TIN DISPOSAL PROGRAMS AND WOULD HAVE MUCH PREFERRED CONSULTATIONS WITHIN THE FRAMEWORK OF THE INTERNATIONAL TIN COUNCIL (ITC) WHICH IS AN ORGANIZATION THAT ATTEMPTS TO BALANCE THE INTERESTS OF TIN PRODUCERS AND CONSUMERS.

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PAGE 03 STATE 072965

AS SUCH IT APPERAS TO BE AN ORGANIZATION THAT FITS WITHIN THE GENERAL DESCRIPTION OF A SYSTEM AS DESCRIBED BY THE SECRETARY (PARA 2 ABOVE).

5. WE ARE ALSO CONCERNED THAT THERE WILL BE A DAMAGING DELAY BETWEEN THE TIME THE CONGRESS GRANTS THE AUTHORIZATION AND THE TIME THE GSA CONSULTS AND DEVELOPS DISPOSAL PLANS. THE NEWS THAT 100,000 TONS OF "SURPLUS" TIN IS TO

COME ON THE MARKET, INITIALLY AT LEAST, WILL TEND TO OVER-SHADOW CONSIDERATIONS OF HOW THAT TIN WILL BE SOLD AND OVER WHAT TIME PERIOD.

6. IT SEEMS TO US THAT CONSISTENCY WITH THE SECRETARY'S REMARKS AND WHAT APPEARS TO BE OUR DEVELOPING COMMODITY POLICY WOULD REQUIRE, AS A MINIMUM, ADVANCE CONSULTATION WITH TIN PRODUCING COUNTRIES ON THE AUTHORIZATIONS BEING SOUGHT AND, AT THE SAME TIME, PROPOSED DISPOSAL PLANS UNDER THOSE AUTHORIZATIONS. IT SHOULD BE BORNE IN MIND THAT THE AUTHORIZATION OF 100,000 TONS OF TIN SURPASSES THE TOTAL AMOUNT OF TIN GSA DISPOSED OF IN THE ELEVEN YEAR PERIOD 1962-1972.

STEDMAN
UNQUOTE

KISSINGER

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